



**DEFENSE CONTRACT AUDIT AGENCY
DEPARTMENT OF DEFENSE
8725 JOHN J. KINGMAN ROAD, SUITE 2135
FORT BELVOIR, VA 22060-6219**

IN REPLY REFER TO

OTS 730.5

December 6, 2007
07-OTS-065(R)

**MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA**

SUBJECT: Suspension and Disallowance of Costs on Cost Reimbursement Contracts on Contractor Interim Billings Submitted Using the Wide Area Workflow (WAWF) - Receipts and Acceptance System

This memorandum provides updated audit management guidance for effecting suspensions and disapprovals of costs under cost reimbursement and Time and Material contracts on contractor interim billings submitted using the DoD Wide Area WorkFlow (WAWF) - Receipts and Acceptance System. This guidance addresses a historical problem area concerning auditor recommended cost suspensions via the DCAA Form 1 on MOCAS Entitlement Contracts. This guidance only applies to contractor electronic vouchers submitted in WAWF and supersedes requirements contained in MRD 04-PPD-061 dated November 8, 2004 to process MOCAS Form 1 suspensions in paper format.

Since the inception of WAWF, auditors have not been able to electronically effect suspended cost recommendations via the DCAA Form 1 on a MOCAS entitlement contract. Although other payment systems that interface with WAWF can separately process both a disallowed amount and a suspended amount; the MOCAS interface would only allow the auditor to reflect a disallowed amount. We have coordinated with DCMA and DFAS and have agreed on a new process that allows DCAA to combine both suspended and disallowed amounts into the existing single "Disallowed" input field for MOCAS entitlement contracts only. This new process eliminates the burdensome paper based process prescribed in MRD 04-PPD-061(R). The agreed-to process includes two parts:

1. For MOCAS entitlement contracts only, we will now combine any suspended amounts with any disallowed amounts in to a single number. This combined number is then entered into the disallowed input box.
2. The payment office must still track suspended and disallowed amounts. To accomplish this, the auditor must clearly state in the auditor's comments section (WAWF Misc. Info. Tab) the specific amount disallowed and the specific amount suspended. This must be the first statement in the comment section. Auditors may continue to provide additional comments as appropriate – but the initial statement must address cost disallowed and/or suspended. To avoid confusion and ensure consistent application across

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WAWF; DCAA will now include in the comment section a statement of cost disallowed and/or suspended for all voucher adjustments in WAWF.

We have included an example of this new process as an Enclosure to this memorandum.

Any questions regarding this memorandum may be addressed the Technical Audit Services Division at (703) 767-2238.

/s/ Karen K. Cash
/for/
Joseph J. Garcia
Assistant Director
Operations

DISTRIBUTION: C

Enclosure
a/s

Example on How to Process Cost Voucher Adjustments for Disallowed and Suspended Cost for Contractors Using WAWF for Interim Contract Billing

Example Case Data:

Contractor: Conrad Aerospace, Cage Code 1SXXX, Contract HDTRA106D0001
DCAA Audit Office DoDAAC: HAA47F

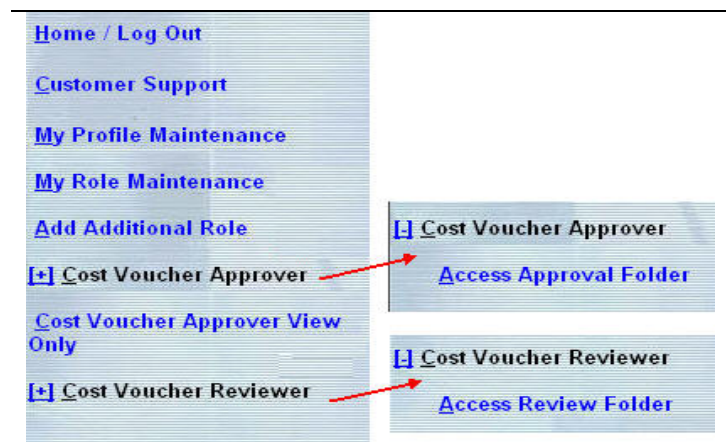
For this example, assume two issues for which the auditor has prepared separate Form 1(s) in accordance with CAM. This contractor is not authorized for Direct Billing.

Issue No. 1 - Results from claimed legal costs in the prior year G&A rate for which the contractor has not provided adequate supporting documentation. These costs are significant and reduce the G&A rate from 8 to 6 percent for the prior year. The auditor will suspend these costs until such time that the contractor provides adequate documentation for a determination of allowability. For simplicity's sake, assume the impact on contract HDTRA106D0001 for the contractor's prior year G&A cost total \$5,000, which are to be suspended.

Issue No. 2 - Relates to travel costs for 1st class airfare in excess of lowest customary standard - FAR 31.205-46 of \$5,000 (including indirect burdens) - the contractor has invoiced this as a direct contract cost in the prior month's billing. The auditor will disallow these costs to contract HDTRA106D0001.

Processing Cost Voucher Adjustments in WAWF:

1. Log-In to WAWF for the appropriate role, i.e. Cost Voucher Approver or Cost Voucher Reviewer. Select Access Approval/Review Folder.



2. Enter the correct DCAA DODAAC – HAA47F, enter correct Vendor Cage code - 1SXXX, enter contract number HDTRA106D0001, and other query data as needed to locate the current submitted voucher to be adjusted.

The screenshot shows the 'Search Criteria - Approval Folder' form. It includes a legend: * = Required Fields. The form fields are: DoDAAC * (dropdown menu with 'HAA47F' selected), Contract Number (text box with 'HDTRA106D0001'), Vendor (Payee) / Extension (text box with '1SXXX'), Shipment No. (text box), Delivery Order (text box), Ship From / Extension (text box), and Invoice Number (text box).

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3. Select the contractor's current voucher to be impacted with the auditor's Form 1 adjustments. Click on the Voucher Number to open.

Approval Folder for 'HAA47F' (14 items, sorted by Invoice Received Date)

Item	Type	Contractor Name	Vendor (Payee)	Contract Number	Delivery Order	Voucher Number	Invoice Received Date	Status	Amount
9	CV-Interim	CONRAD AEROSPACE	1SXXX	N0001998G5833	DCAAF021	BVNF063	D2007-10-29	Submitted	\$8.91
10	CV-Interim	CONRAD AEROSPACE	1SXXX	N0001998G5833	DCAAF022	BVNF068	D2007-10-29	Submitted	\$8.91
11	CV-Interim	CONRAD AEROSPACE	1SXXX	N0001998G5833	DCAAF023	BVNF073	D2007-10-29	Submitted	\$8.91
12	CV-Interim	CONRAD AEROSPACE	1SXXX	N0001998G5833	DCAAF024	BVNF078	D2007-10-29	Submitted	\$8.91
13	CV-Interim	CONRAD AEROSPACE	1SXXX	HDTRA106D0001	0055	BVNF073	D2007-10-24	Submitted	\$52,500.00

4. Review the voucher details and determine if other adjustments are necessary. Let's assume no other issues are identified.

Header	Line Item	ACRNs	Addresses	Misc. Info	
COST VOUCHER (INTERIM) - CONTINUATION SHEET * = Required Fields					
Contract Number		Delivery Order		Voucher Number	
HDTRA106D0001					
Item No	Stock #	Unit Price	Unit of Measure	Qty. Invoiced	Amount
0001	NONE	\$52,500	LO	1	\$52,500.00
Stock Type		ACRN			
VP		<input type="checkbox"/>			
SDN					
AAA					
Description					
Facilitation Services					
TOTAL:					\$52,500.00
Page Help					

5. Access the Header Tab, scroll down to the location where auditor actions – Form 1

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adjustments are input in to WAWF.

The process is NOT the same for MOCAS and All Other contracts.

- All Other systems will provide separate input boxes to capture any Auditor Recommended Suspended Amounts and/or Disallowed Amounts.
- Contract vouchers processed through the MOCAS entitlement system only provide for a single Disallowed input box. For MOCAS only - when you have Disallowed only, Suspend only or both Disallowed and Suspended items – simply combine the amounts into a single entry in the Disallowed input box.

In all cases whether MOCAS or Other, never reduce the voucher to a negative (**credit**) voucher. WAWF can not process a credit voucher.

All Other

☐ Recommend Provisional Payment

☒ Recommend Cost Suspension or Disallowance

Suspended	\$	5,000.00
Disallowed	\$	5,000.00
Net Amount Approved	\$	42,500.00

☐ Recommend Rejection

Submit

MOCAS Only

☐ Approved for Provisional Payment

☒ Cost Suspension or Disallowance

Disallowed	\$	10,000.00
Net Amount Approved	\$	42,500.00

☐ Reject to Initiator

Submit

Disallowed	\$ 5,000
Suspended	5,000
Total	\$ 10,000

combine amounts

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6. Reminder – if you try to submit at this point, WAWF will provide an error message. On all actions where the auditor recommends a Disallowed, Suspended or combination thereof, WAWF will require the auditor to provide both comments and attachment(s). The attachment will be the DCAA Form1(s). The auditor must access the Misc. Info. tab to add these items.



7. Access the WAWF Misc. Info tab. Scroll down to the reviewer/approver section.

A screenshot of the Wide Area Workflow (WAWF) "COST VOUCHER (INTERIM) - CONTINUATION SHEET" form. The form has a header with tabs: "Header", "Line Item", "ACRNs", "Addresses", and "Misc. Info". The "Misc. Info" tab is selected. The form contains sections for "Initiator Information" and "Approver Information".
Initiator Information:
Name: Veny Vendor
Title: vendor
Phone #: 111111111
DSN:
Email: we6dad@cols.disa.mil
Org Email: we6dad@cols.disa.mil
Comments: Training
IRD: [blank]
Date of Action: [blank]
Action(s): Submitted, FTP, Stand Alone
Attachments: [dropdown]
Approver Information:
Name: Stanley
Title:
Phone #: 123-123-1233
DSN:
Email: we6dad@cols.disa.mil
Org Email: we6dad@cols.disa.mil
Comments: [large text area]
Date of Action: [blank]
Action(s): [blank]
Attachments: [dropdown]
At the bottom of the form is a "Page Help" button.


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8. In the Auditor Comment Section provide the now required statement on the auditor recommended adjustments – specifically stating dollar amounts for Disallowed cost and dollar amounts for Suspended cost then include the sum total of all adjustment. Auditors may include addition comments if needed. But the first statement must address the dollar amount adjustments made.

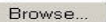
Comments:




Disallowed cost total \$5,000 Suspended cost total \$ 5,000 Total reduction to voucher is \$10,000. The detailed explanation for each voucher reduction is provided for in the attached Form 1(s)




9. Be sure to attach the Form 1 documents that provide the complete detail supporting the voucher cost adjustments. WAWF will not process further unless there is an attachment. Simply click on the attachment button, browse to your supporting documents, and add each supporting attachment.

Date of Action:
Action(s):
Attachments: 

Form - Attachments

Pick up a file to attach: 

Date of Action:
Action(s):
Attachments:   
Attachments:
DCAAFORM1issue1.txt
DCAAFORM1issue2.txt

10. At this point simply return to the Header Tab and submit the action. Cost Vouchers Approvers will be required to add a digital signature. If the initial review was conducted by a Cost Voucher Reviewer, the action will flow to the authorized Cost Voucher Approver.